

## CENTRAL INTELLIGENCE AGENCY

## INFORMATION REPORT

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SECURITY INFORMATION

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COUNTRY	Rumania	REPORT	
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1. In late June 1952, Rumania and Hungary signed a three-year economic agreement providing for a linking of their electric power networks and for formation of a joint Rumanian-Hungarian company, Romagchim, to exploit Rumania's natural gas and chemical resources. At about the same time there were reports that the Soviet Union was abandoning its holdings in minor joint companies in both Rumania and Hungary and concentrating on major industries and transport, particularly the extractive industries. 25X1

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no evident relationship between the two developments. The USSR's policy in the past five years has been to keep its major interests concentrated on extractive and heavy industries in Rumania. Rumania's focus is in natural resources and in heavy industry and she has been dependent on the other Satellites for some of the more precise light industry products. 25X1 the Soviet Union does not 25X1 place too much emphasis on the minor joint companies in Rumania.

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25 YEAR RE-REVIEW

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the three-year

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Rumanian-Hungarian economic agreement

any major agreement as the one mentioned above would naturally derive through Soviet patronage and direction since the governments of Rumania and Hungary are not sufficiently independent to initiate such agreements.

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Rumania, among other resources, has a great natural gas reserve in the Copsa Mica region  $4607N-2416E$ . However, she is deficient in chemists and chemical technicians who could be employed in the chemical exploitation of the methane gas. On the other hand, Hungary is known to have highly skilled technicians.

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the formation of the Romagchim company is an indication that the USSR has advanced from the stage of individual exploitation of its Satellites to a more efficient and productive exploitation, namely that of demanding joint efforts in the use of personnel and resources on the part of the Satellites.

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the Romagchim type of a company

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supplement the SOVROMS.

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the USSR will encourage, if not direct, the formation of Satellite joint companies as long as she is certain that she maintains ultimate control and does not enhance Satellite independence. As an example that the USSR is interested in

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Satellites sharing technical knowledge

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During 1949 and early 1950 Mr. (fnu) BERCOVICI was director of the Institutul de Studii si Proiectari Energetice (Institute of Energy Studies and Projects) in Bucharest. Mr. BERCOVICI was sent late 1950 by the Ministry of Electrical Energy to the Skoda Works in Czechoslovakia and then to the DINAMO, electrical equipment plant in Moscow. Subsequent to his return in 1952 Mr. BERCOVICI was appointed as a technical director in the Ministry of Electrical Energy (Minsterul Energiei Electrice).

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there can be

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no doubt that the USSR maintains ultimate control in the Romagchim company.

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the formation of the Romagchim type of company is welcomed by both Rumania and Hungary since it is a positive action which may be advantageous to both. The feeling of friendship and solidarity is continually increasing between the two countries which is especially surprising after the hundreds of years of animosity between Rumania and Hungary.

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